

AR51

EDO Corporation  
Annual Report 1966





EDO Corporation

14-04 111th Street

College Point, New York, N.Y. 11356

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All Edo stockholders are welcome to attend the Annual Meeting which will be held Tuesday, April 25, 1967, at 2 p.m. in the Biltmore Suite of the Hotel Biltmore, Madison Avenue and 43rd Street, New York City.

Edo stock is traded on the American Stock Exchange.



EDO Corporation and Subsidiaries

*Highlights*

	1966	1965
<i>Operations:</i>		
Sales .....	\$31,299,262	\$28,014,628
Net earnings .....	\$ 717,225	\$ 835,883
Working capital .....	\$ 6,407,684	\$ 6,688,954
Stockholders' equity .....	\$ 9,025,273	\$ 8,585,355
Depreciation .....	\$ 655,775	\$ 608,156
Capital expenditures—net		
Parent .....	\$ 516,715	\$ 603,480
Subsidiaries .....	\$ 653,025	\$ 72,032
Number of employees .....	1,653	1,683
Floor space .....	420,000 sq. ft.	437,500 sq. ft.
<i>Common stock:</i>		
Shares outstanding .....	866,587	866,587
Earnings per share .....	\$ 0.828	\$ 0.964
(outstanding at year-end)		
Cash dividends .....	\$ .32	\$ .32
Book value per share .....	\$ 10.41	\$ 9.90
Stockholders of record .....	3,146	2,509
(brokers and nominees counted as one each)		

*Legal Counsel*

Debevoise, Plimpton, Lyons and Gates  
320 Park Avenue  
New York, New York 10022

*Principal Banks*

Irving Trust Company  
1290 Avenue of the Americas  
New York, New York 10019

Bankers Trust Company  
280 Park Avenue  
New York, New York 10017

*Registrar and Transfer Agent*

Irving Trust Company  
One Wall Street  
New York, New York 10005

*Certified Public Accountants*

Peat, Marwick, Mitchell & Co.  
600 Old Country Road  
Garden City, New York 11530

*Trustee of Employees' Pension Accounts*

Irving Trust Company  
One Wall Street  
New York, New York 10005

*Actuary for Employees' Pension Account*

Marsh & McLennan, Inc.  
70 Pine Street  
New York, New York 10005

*Public Relations Counsel*

Davis, Parsons & Strohmeier, Inc.  
52 Vanderbilt Avenue  
New York, New York 10017





Noel B. McLean

William R. Ryan

### *To our Stockholders*

The performance of Edo Corporation and its four wholly owned subsidiaries in the year of 1966, as compared with 1965, has resulted in a 12-percent increase in the value of all services rendered and products shipped. This represents a new high. Orders and contracts received during the year also reached new levels totaling \$65,320,000. This is, in fact, double any year in the past 42 years of our existence. As of the end of the year, orders and contracts still to be filled on our books total \$55,863,000 — another high-water mark.

Our earnings for 1966 are down 16 percent from the previous year—a somewhat disappointing performance when related to the growth in the value of our shipments during this period. All of this decline in profits can be attributed to our military sonar equipment business, which represents a substantial portion of the output of the parent company. The lowering of profits in this area of effort has been caused by a number of factors, particularly the manner of the administration and technical control by the Government of certain fixed-price competitive contracts of rather large dollar value. The problems pertaining to contract administration were further complicated by the introduction, in late 1965, of the new Department of Defense plan to unify the administration of contracts for all of the services under one command for certain selected geographical areas.

During the past year, payments due us for work under Government contracts have been delayed as a result of these changes; and we have encountered delays in the receipt from the Government of decisions on contractual matters. These facts, obviously, increased our financing

costs and caused other intangible expenses. Thus, during 1966, we have had to adjust to a new arrangement for Government contract administration which has had an adverse effect on our profit margins.

Another development which eroded our profits during 1966 was an unexpected termination, in early October 1966, of portions of a U.S. Navy sonar equipment contract. This termination resulted in the creation of excess capacity and related unabsorbed expenses. Readjustments to correct this condition were immediately instituted and were substantially completed by the year-end.

The foregoing references regarding "the manner of the administration and technical control . . . of certain fixed-price competitive contracts" and "unexpected termination early in October" have resulted in the submission of certain claims to the U.S. Navy which are under negotiation.

It is true that profit margins earned in the defense industry, as a whole, on fixed-price competitive contracts have been declining over the past few years. It has been the stated policy of the Department of Defense that equitable profits should be paid to efficient suppliers of reliable equipment. We hope that this policy — intended for the maintenance of a strong defense industry potential — will begin to be felt in our operations in 1967.

Three of our subsidiaries — Edo Western Corporation, ELINCO, and Edo Commercial Corporation — are predominantly involved in the design and manufacture of commercial products. These subsidiaries have maintained a rate of growth parallel to our military sales and, in 1966, provided the corporation with 60 percent of its earnings. The value of the shipments by these subsidiaries is 25 percent of the total for the corporation.

Edo (Canada) Limited, under new management for the past 18 months, is now producing earnings and has a backlog of sonar equipment business for the Canadian Navy some six times greater than at any previous time in its history. This business was obtained under stern competitive conditions but, we believe, at prices which will return a reasonable profit.

Roderick G. Kellett, a director for 23 years, died during the past year. His counsel and experience were extremely important during the formative and growth years of the company.

During 1966, both Stanley E. Bostwick, financial vice president and a director for many years, and Cyril



L. Fenn, manufacturing vice president at the parent plant, retired after many years of fine service to the corporation.

John H. Meyn has replaced Mr. Bostwick as vice president in charge of finance; and William F. Konrad is now factory manager, replacing Mr. Fenn. Both Mr. Meyn and Mr. Konrad, being longtime employees, have a thorough knowledge of the company's activities, particularly in the areas to which they have been assigned.

During 1966, two new directors were elected to the board of the corporation: H. Struve Hensel, practicing lawyer, chairman of the First National Real Estate Trust, and formerly Assistant Secretary of the Navy and General Counsel to the Navy Department and the Department of Defense; and James T. Pyle, director of the Aviation Development Council of New York City and former deputy administrator of the Federal Aviation Agency.

As chairman of the board and president of the corporation, we wish to express our appreciation to our key executives, their supporting staffs, and all of our loyal employees for their efforts and attention to duty during 1966. We wish, also, to thank our stockholders for their continued confidence and support.

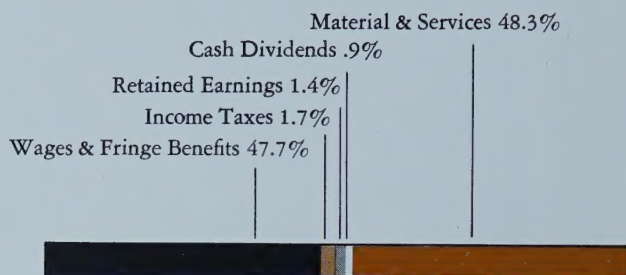
*Noel B. McLean*

Noel B. McLean  
Chairman  
April 4, 1967

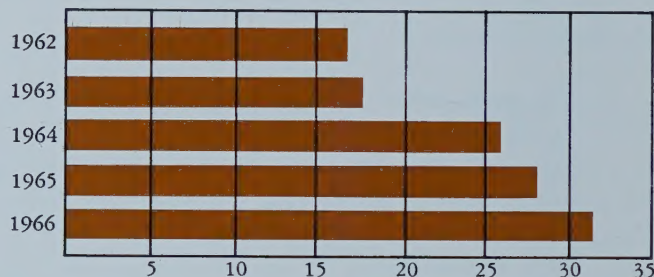
*William R. Ryan*

William R. Ryan  
President

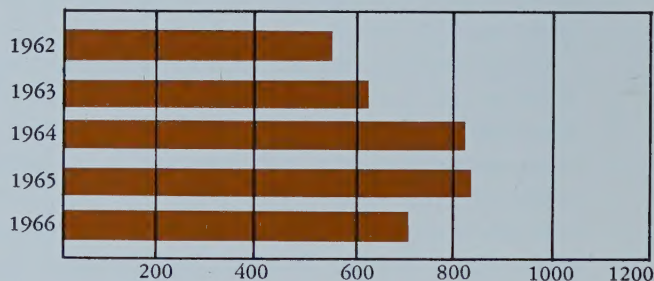
#### *How the Edo sales dollar was spent.*



#### *Sales in Millions (000,000's omitted)*



#### *Earnings in Thousands (000's omitted)*







*Weekly meeting of the Edo College Point Administrative Committee. Similar weekly meetings are held by each of the corporation's subsidiaries.*





*Edo SQS-17 Sonar, in use around the world.*



## EDO Corporation

The College Point, New York, plant is the headquarters of the corporation and is primarily occupied with the design, development, and manufacture of defense products. The major exception is the manufacture of seaplane floats, which are marketed through the Edo Commercial Corporation. The value of shipments from these facilities in 1966 represented 75 percent of the total sales of the corporation.

Sonar equipment continues to be the item of largest volume produced in College Point. Although there are a substantial number of contracts in work, the bulk of the effort in 1966 has been against two large U.S. Navy contracts involving two types of surface-ship sonar.\*

The marketing, developing, and manufacturing of a variety of types of sonar equipments for foreign navies



*L. M. Swanson, sales manager; Robert E. Nitschke, contracts manager, and Ralph O. Romaine, vice president-marketing, review sales projections for 1967.*

\*SONAR, SOund NAvigation and Ranging, is the general term that has been universally adopted to describe the science of underwater communication and sight through the water in the same sense that radio and radar describe communication and sight through the atmosphere. Unlike radio and radar, which use the direct propagation of electromagnetic energy for the almost instant coverage of important distances, transmission through the world's oceans requires the back-and-forth conversion of electrical to acoustical/mechanical energy and is at the relatively slow speed of sound. There is no known substitute for sonar for this purpose.



*Walter Mahnken, assistant program manager for the IVDS program; Gerald Albert, vice president-engineering, and William O. Hudson, program manager for the SQS-26 program, discuss program management plans.*

are accomplished from this location. Sales, shipments, and negotiations are being carried on with both NATO and SEATO nations directly and through the U.S. Navy.

The marketing branch of this facility is continuing to exert real effort toward greater diversification in markets which are new and complementary to our sonar equipment business. Several new penetrations in fields of aircraft equipment and integrated electronic systems were made during the past year, and we hope to realize continued growth in these areas.



*Charles Anderson, Jr., data processing manager; John H. Meyn, vice president-finance, and A. W. Loweth, treasurer, in the data processing department.*



The engineering branch at College Point, with two large sonar-system programs in work, has taken the lead in plantwide program management techniques. New skills and disciplines have been acquired through extensive reorganization so as to continuously become more responsive to the Department of Defense and U.S. Navy management requirements.



*William F. Konrad (top), factory manager; Paul Klein (left in lower photo), product assurance director, and Carl Doll, planning and administrative manager of product assurance, during staff conferences.*

Centered at College Point has been a major effort of the corporation toward a greater reliance on modern data processing equipment. Plans, training, and revised procedures were and are being accomplished to provide for the assimilation of new data processing equipment already received and to be further enlarged by the end of 1967.

In early 1966, we were awarded a contract for the development and production of an advanced type of variable depth sonar system for future U.S. Navy ships. This contract is scheduled to be in force over the next few years and may produce significant growth opportunities.

In January, N. B. McLean, chairman of our board, was appointed to the Defense Industry Advisory Council. This DIAC group meets regularly with the Secretary of Defense and the top officials of the Department of Defense to coordinate the interrelationship between the Government and the defense industry. The industry membership is made up of the heads of some of the most important companies in the defense industry. Mr. McLean, in representing Edo, gives a voice to the smaller firms involved in defense contracting.

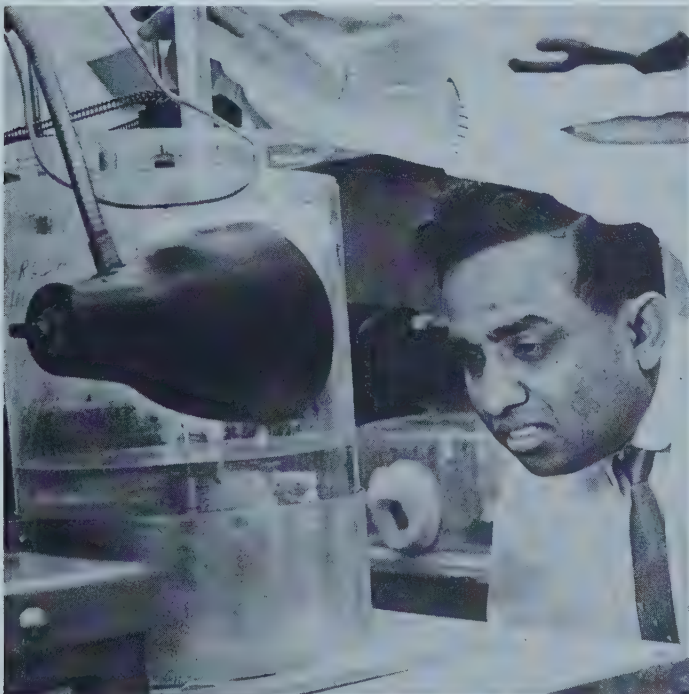
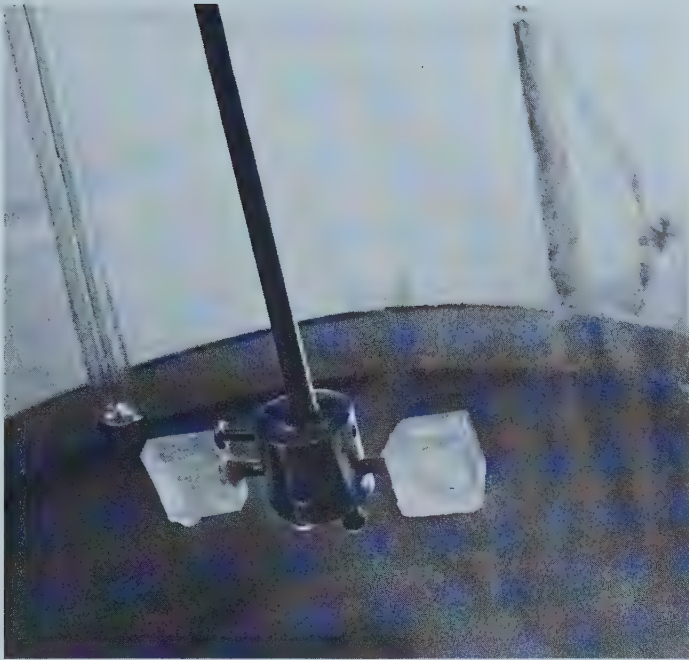
### *EDO (Canada) Limited*

During 1966, Edo (Canada) Limited, on the banks of the St. Lawrence Seaway at Cornwall, Ontario, brought to fruition a number of long-range projects in the field of electronics. Design completion was followed by manufacture and delivery of transducers for a new ASW\* craft under construction for the Royal Canadian Navy, and of transducers and a transmitter modification to modernize Edo sonars already in use aboard Canadian ships.

A close liaison has existed between Edo (Canada) and the parent company with respect to the engineering and manufacturing aspects of various sonar projects. During 1966, this subsidiary delivered to the U.S. Navy a small number of AN/UQN-1J deep-depth sonar sounding sets originally designed at College Point. In the latter part of the year, Edo (Canada) Limited was awarded new contracts by the U.S. Navy covering the development and manufacture of 200 modernized versions of the UQN-type depth sounder, thus becoming

\*ASW—Antisubmarine Warfare





*Top—Specimen crystals, related to advanced research in acoustical crystallography, during the growing process.*

*Bottom—Dr. R. S. Adhav, head of research at Edo (Canada), conducts laboratory research into exotic crystals for electro-optical application, jointly sponsored by the U.S. and the Canadian Governments.*

ing one of the world's major producers of full-scale (0-36,000 feet) depth recorders suitable for military, oceanographic, and hydrographic ships.

A variety of special electronic and electroacoustical components designed and built by Edo (Canada) were delivered during 1966 to Canada's Department of Fisheries; Department of Transport; and Department of Energy, Mines and Resources; and to Canadian industry.

Edo (Canada) Limited also received, during 1966, contracts from the Canadian Defence Forces and from the Royal Canadian Navy for the design and production of other sonar units and components. New business



*Herbert M. Johnson, president, and Bruce H. Secord, treasurer, in front of a large transducer built by Edo (Canada) for the Royal Canadian Navy.*

booked by Edo (Canada) during 1966 brought the total of unfilled orders at the close of the year to a level some six times greater than any previous year-end backlog.

Sales volume at Edo (Canada), which remained fairly steady in 1965 and 1966, is expected to increase sharply as shipments are made against the higher backlog. Customer demand in Edo (Canada) Limited's various areas of competence continues to be vigorous.







## *EDO Western Corporation*

Edo Western Corporation—picturesquely situated in Salt Lake City against the backdrop of the towering Wasatch Range—continued its fourth successive year of expansion in the oceanographic and offshore industries markets.

This subsidiary is now established as a leading supplier of highly specialized acoustic equipment and systems. In 1966, three new sales offices were opened to service the growing oceanics industry; and 30 new off-the-shelf Edo products were developed for marketing as standard commercial catalog items. These included special- and general-purpose hydrographic, bathymetric, detection, and underwater control instrumentation developed in conjunction with some of the nation's outstanding experts in the field.

The new priority given to exploration of the vast expanses of earth beneath the ocean surface has created an urgent need for more sophisticated, highly reliable instruments. Advanced ASW and computer techniques are now being incorporated by Edo Western into the design of standard-line instruments.

The continuing goal of Edo Western in 1967 will be the development of a more complete line of underwater control, telemetering, and hydrographic-survey instrumentation. New deep-water installations planned by the offshore oil industry call for the development of acoustically remote-controlled instruments for well drilling and pumping. Edo Western obtained several contracts from the oil industry in 1966 and these have reached the final phases of operational sea trials.

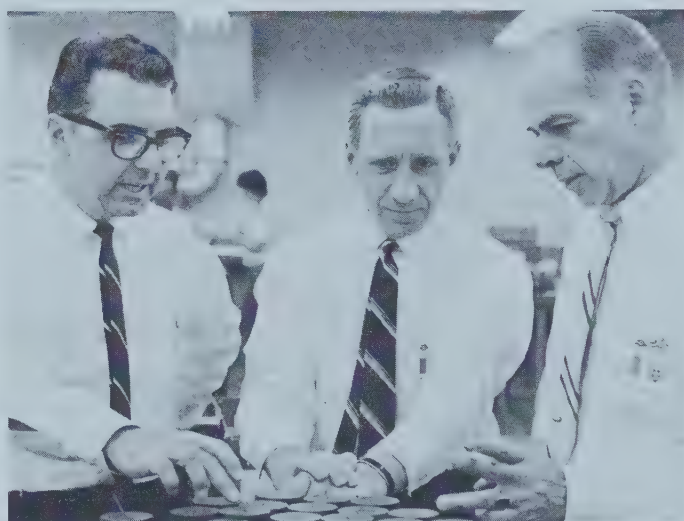
Edo Western is also developing a new line of equipment for the expanding field of manned deep-submersible vehicles under design or construction for the U.S. Navy and others. Due to the limitation of space in such vehicles, the latest microminiature integrated-circuitry techniques are used by Edo Western in the design of this equipment.

Facilities at this Salt Lake City plant were increased in 1966 with the opening of one of the largest man-made acoustic calibration centers in the inland United States. Completion of the facility gives this plant new capability in performing underwater studies and development programs.

*ADP crystal bars just withdrawn from a growing tank, ready to be cut and processed for use in transducers.*

Edo Western's Electro-Ceramics Division also expanded greatly in 1966, and is now one of the world's largest suppliers of piezoelectric products for ASW and oceanics markets. Four new piezoelectric formulations have been added to the existing ceramic and crystal product lines.

The rate of growth for this subsidiary will probably not continue as steeply as in the past few years but will still be substantial, and will point the way toward the expected expansion of the hydrospace market.



*Top—Robert A. Lapetina, president; George W. Wildman, treasurer, and Walter M. Dudnick, vice president-marketing, with an array of ceramic transducer elements built by Edo Western.*

*Bottom—Edo Western's acoustic test and calibration facility—one of the largest and most complete in the world.*



## *Electric Indicator Company, Inc. (ELINCO)*

Nineteen-sixty-six was an exciting year for Electric Indicator Company, Inc. (ELINCO). In May, this subsidiary moved from quarters in Stamford and Norwalk, Connecticut, to a modern new home in Wilton, Connecticut. The move coordinated all ELINCO operations under one roof for the first time since 1960 and completed the company's eighth expansion program. The handsome new building is electrically heated, air conditioned, and conveniently located facing U.S. Route 7.

ELINCO designs, manufactures, and markets electronic rotating components that include precision instrument-type subfractional- and fractional-horsepower electric motors, generators, and motor-generators—all

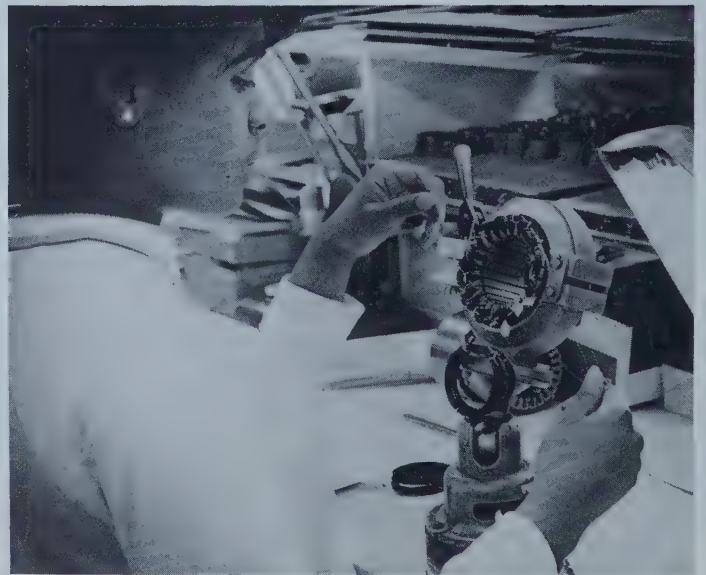


*James L. Knight, (left), president, discussing production plans in ELINCO's manufacturing area.*

under the copyrighted trade name ELINCO. Unique design projects are undertaken to meet new customer requirements and to advance the state of the art. ELINCO is recognized as one of the leading designers and manufacturers of hysteresis synchronous motors in the world.

In 1966, ELINCO products were put to increased use in the peripheral equipment of every major computer manufacturer; and there was also extensive penetration of the medical instrumentation field. Prototype units with future production potential are being evaluated in many other expanding fields.

ELINCO sales are generated primarily in the commercial electronic field, although the effects of military



*Top—This small torpedo motor is one of the more than 1700 different types of fractional-horsepower motors manufactured by ELINCO.*

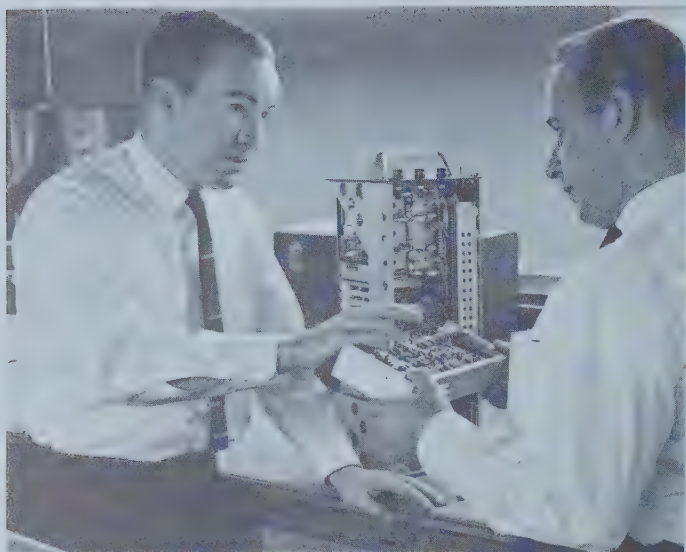
*Bottom—Inserting stator coils into a motor frame is one stage in the production of an ELINCO motor.*





*Edo Model 600T Loran installed in the avionics console of a Lockheed Jetstar corporate aircraft.*





*Top—Howard P. Jennings, Edo Commercial's vice president and general manager, and John Theophilos, plant manager, examine subassemblies for the model 600T Loran.*

*Ralph O. Romaine, president, and Arthur Ritter, Seaplane Float Division manager, in the float manufacturing area of Edo Commercial.*

spending and the aerospace program have been noticeable in incoming orders.

ELINCO shipments in 1966 were at an all-time high, as were incoming orders; and profits were up substantially over 1965. The backlog at the end of 1966 was the highest in company history and more than double that of 1965.

Prospects for 1967 are bright. ELINCO is projecting increases in both shipments and new business which, hopefully, will be reflected in profits.

### *EDO Commercial Corporation*

This subsidiary was established several years ago for the purpose of designing, developing, manufacturing, and selling Edo commercial products to the general aviation and airline markets. Its primary products are seaplane floats and digital readout electronic navigation equipment. Separate divisions are used to engineer, manufacture, and market each of these primary product groups.

Shipments of this subsidiary have shown an increase of 34 percent during the past year, with earnings increasing ten percent over the prior year. Orders received have increased by 170 percent over any earlier period.

There is a continuing and increased demand for seaplane floats motivated, to a large extent, by the increased activities in the general aviation industry. The projections by the aircraft companies to which we sell seaplane floats indicate that the increase in sales experienced in 1966 should continue well into the future.

The demand for this subsidiary's Model 600T transistorized loran navigational equipment is still very strong, and the equipment is being put into increased use by over 40 airlines throughout the world.

*Cessna 150—a high-volume user of Edo Model 88 floats.*







EDO Corporation and Subsidiaries

*Consolidated Balance Sheet* December 31, 1966 with comparative figures for 1965

<i>Assets</i>	1966	1965
<i>Current assets:</i>		
Cash .....	\$ 1,374,609	\$ 1,064,616
Accounts receivable, including amounts due from the U.S. Government, 1966, \$2,265,554; 1965, \$3,467,545 .....	4,432,847	5,259,238
Inventories (note 2):		
Finished goods .....	1,217,969	676,200
Work in process .....	7,848,684	9,104,671
Raw materials and supplies .....	1,268,982	960,395
Total inventories .....	10,335,635	10,741,266
Prepayments .....	66,075	103,301
Total current assets .....	16,209,166	17,168,421
<i>Fixed assets:</i>		
Plant and equipment, at cost.....	9,937,622	8,900,761
Less accumulated depreciation and amortization .....	4,623,537	4,100,641
Net plant and equipment .....	5,314,085	4,800,120
<i>Deferred charges</i> .....	89,504	96,281
	<u>\$21,612,755</u>	<u>\$22,064,822</u>
<i>Liabilities and Stockholders' Equity</i>		
<i>Current liabilities:</i>		
Note payable to bank .....	5,500,000	5,500,000
Current installment of long term debt (note 3) .....	214,000	—
Accounts payable .....	2,020,308	1,697,540
Accrued liabilities .....	1,129,526	1,452,755
Contract advances and deposits .....	559,025	1,235,392
Federal income taxes .....	378,623	593,780
Total current liabilities .....	9,801,482	10,479,467
<i>Long-term debt (note 3):</i>		
5½% fifteen year sinking fund note due February 1, 1980 less current installment .....	2,786,000	3,000,000
<i>Stockholders' equity (note 3):</i>		
Common stock, par value \$1 per share: Authorized 1,200,000 shares.		
Issued 866,587 shares .....	866,587	866,587
Additional paid-in capital .....	4,541,278	4,541,278
Retained earnings .....	3,617,408	3,177,490
Total stockholders' equity .....	9,025,273	8,585,355
<i>Contingencies and commitments (note 5):</i>		
	<u>\$21,612,755</u>	<u>\$22,064,822</u>
See accompanying notes to financial statements.		



EDO Corporation and Subsidiaries

*Statements of Consolidated Earnings and Retained Earnings and Additional Paid-in Capital*

*Year ended December 31, 1966 with comparative figures for year 1965*

<i>Earnings and Retained Earnings</i>	1966	1965
<i>Income:</i>		
Net sales .....	\$31,299,262	\$28,014,628
Other income, net .....	146,340	231,829
	<u>31,445,602</u>	<u>28,246,457</u>
<i>Costs and expenses:</i>		
Cost of sales .....	28,252,632	25,240,862
Selling, general and administrative .....	1,133,653	825,219
Pensions and profit sharing (note 4) .....	299,297	269,035
Interest .....	505,339	407,882
	<u>30,190,921</u>	<u>26,742,998</u>
Earnings before income taxes .....	1,254,681	1,503,459
Provision for Federal income taxes .....	537,456	667,576
Net earnings for year .....	<u>717,225</u>	<u>835,883</u>
Retained earnings at beginning of year .....	3,177,490	2,618,543
	<u>3,894,715</u>	<u>3,454,426</u>
Cash dividends—\$.32 a share .....	277,307	276,936
Retained earnings at end of year (note 3) .....	<u>\$ 3,617,408</u>	<u>\$ 3,177,490</u>
<i>Additional Paid-in Capital</i>		
Balance at beginning of year .....	\$ 4,541,278	\$ 4,526,739
Excess of option price over par value of shares issued under stock option plan .....	—	14,539
Balance at end of year .....	<u>\$ 4,541,278</u>	<u>\$ 4,541,278</u>
See accompanying notes to financial statements.		



EDO Corporation and Subsidiaries

*Consolidated Statement of Source and Application of Funds*

*Year ended December 31, 1966 with comparative figures for year 1965*

	1966	1965
<i>Funds were obtained from:</i>		
Operations:		
Net earnings .....	\$ 717,225	\$ 835,883
Depreciation and amortization (charges against earnings which do not require disbursement of funds) .....	655,775	608,156
	<u>1,373,000</u>	<u>1,444,039</u>
Proceeds from long-term debt financing .....	—	1,399,000
Sales of common stock under employees' stock option plan .....	—	16,896
Other .....	6,777	(43,766)
	<u>\$1,379,777</u>	<u>\$2,816,169</u>
<i>Funds were used for:</i>		
Capital expenditures—net .....	1,169,740	675,512
Cash dividends .....	277,307	276,936
Increase (decrease) in working capital (1966 exclusive of current installment of long-term debt—\$214,000) .....	(67,270)	1,863,721
	<u>\$1,379,777</u>	<u>\$2,816,169</u>
See accompanying notes to financial statements.		



EDO Corporation and Subsidiaries

*Notes to Financial Statements*

December 31, 1966

*Accountants' Report*

*1. Principles of consolidation:*

The consolidated financial statements include the accounts of all subsidiary companies. All intercompany accounts and transactions have been eliminated. The accounts of a Canadian subsidiary have been converted into U.S. dollars at the current rate of exchange for balance sheet accounts, except that plant and equipment (and related depreciation) have been converted at historical rates, and at the average rate for the period for income and expense accounts. Profits or losses on exchange are credited or charged to earnings.

*2. Inventories:*

Inventories of raw materials and supplies, finished goods and a portion of work in process are stated at the lower of average cost or market. The major portion of work in process represents the accumulated costs of labor, material and overhead (including applicable administrative and general expenses) less estimated cost of sales billed and is stated at the lower of such costs or market.

*3. Long-term debt:*

The 5½% fifteen year sinking fund note maturing on February 1, 1980, is payable in annual installments of \$214,000. The terms of the note require, among other things, the maintenance of minimum consolidated working capital, limitations on additional borrowings, and restrictions as to the repurchase of stock and the payment of cash dividends in excess of 60% of consolidated net earnings, as defined, subsequent to December 31, 1964 plus the sum of \$425,000. The amount of unrestricted retained earnings at December 31, 1966 amounted to \$766,950.

*4. Pension plans:*

The unfunded past service liability under pension plans of the Company and its subsidiaries was approximately \$226,000 at December 31, 1966.

*5. Contingencies and commitments:*

The Company is contingently liable under the terms of letters of credit aggregating \$4,665,000 at December 31, 1966 should it fail to perform in accordance with the terms of contracts with foreign governments. At December 31, 1966 the Company and its subsidiaries were obligated under leases expiring between 1970 and 1976 with rentals aggregating \$226,058 annually.

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

GARDEN CITY, NEW YORK 11530

The Board of Directors and Stockholders  
Edo Corporation:

We have examined the consolidated balance sheet of Edo Corporation and subsidiaries as of December 31, 1966 and the related statements of earnings and retained earnings and additional paid-in capital and consolidated statement of source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. It was not practicable to confirm accounts receivable from United States Government departments and agencies by communication with them but we satisfied ourselves as to such accounts by means of other auditing procedures. We did not examine the financial statements of a consolidated Canadian subsidiary but were furnished with the report of other independent public accountants on such financial statements.

In our opinion, based upon our examination and the aforementioned report of other independent public accountants, the accompanying consolidated balance sheet and statements of consolidated earnings and retained earnings and additional paid-in capital present fairly the consolidated financial position of Edo Corporation and subsidiaries at December 31, 1966 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Also, in our opinion, the accompanying consolidated statement of source and application of funds for the year ended December 31, 1966 presents fairly the information shown therein.

*Peat, Marwick, Mitchell & Co.*

March 3, 1967



## Pattern of Edo Growth

## EDO Corporation and Subsidiaries

### Ten Year Summary of Earnings

(Dollar Amounts in Thousands)

Year Ended December 31

1966

#### Income:

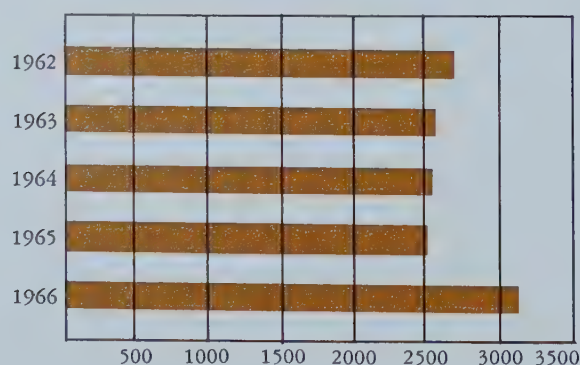
Net Sales	\$31,299
Other Income	146
	<u>31,445</u>
Costs and Expenses	30,191
Income before Income Taxes	<u>1,254</u>
U.S. and Canadian Income Taxes	537
Net Earnings	<u>\$ 717</u>

Net Earnings per Share (based upon shares outstanding at the end of each year adjusted for stock dividends)	\$ 0.828
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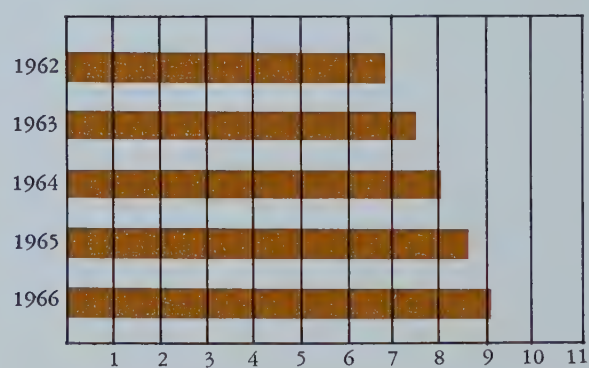
Depreciation	\$ 656
Capital Expenditures—Net	\$ 1,170
Stockholders' Equity	\$ 9,025
Book Value per Share	\$ 10.41

## Number of Stockholders

(Brokers and nominees counted as one each)



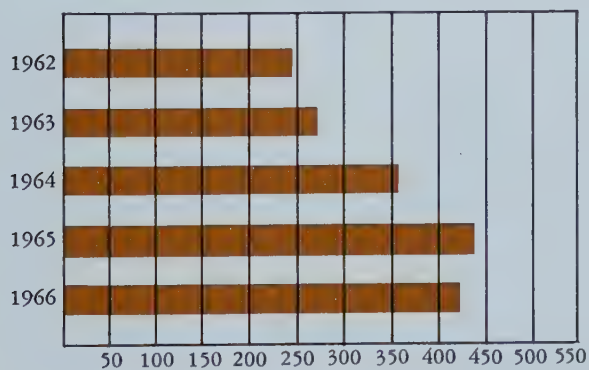
## Stockholders' Equity in Millions (000,000's omitted)



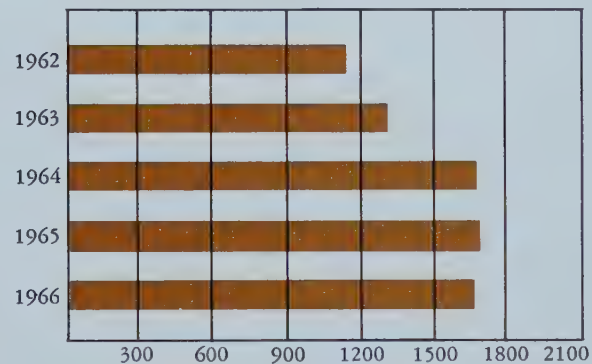


1965	1964	1963	1962	1961	1960	1959	1958	1957
\$28,015	\$25,671	\$17,713	\$17,138	\$16,503	\$15,973	\$12,691	\$ 9,333	\$11,061
232	126	42	80	13	2	34	25	23
28,247	25,797	17,755	17,218	16,516	15,975	12,725	9,358	11,084
26,743	24,330	16,534	16,219	15,330	14,573	11,975	8,866	10,437
1,504	1,467	1,221	999	1,186	1,402	750	492	647
668	644	586	479	601	678	403	246	325
\$ 836	\$ 823	\$ 635	\$ 520	\$ 585	\$ 724	\$ 347	\$ 246	\$ 322
\$ 0.964	\$ 0.952	\$ 0.736	\$ 0.604	\$ 0.680	\$ 0.849	\$ 0.411	\$ 0.292	\$ 0.384
\$ 608	\$ 566	\$ 521	\$ 444	\$ 417	\$ 369	\$ 286	\$ 205	\$ 179
\$ 675	\$ 1,406	\$ 966	\$ 1,142	\$ 792	\$ 426	\$ 518	\$ 818	\$ 558
\$ 8,585	\$ 8,009	\$ 7,454	\$ 6,943	\$ 6,415	\$ 5,776	\$ 4,942	\$ 4,633	\$ 4,609
\$ 9.90	\$ 9.28	\$ 8.64	\$ 8.06	\$ 7.46	\$ 6.78	\$ 5.86	\$ 5.50	\$ 5.49

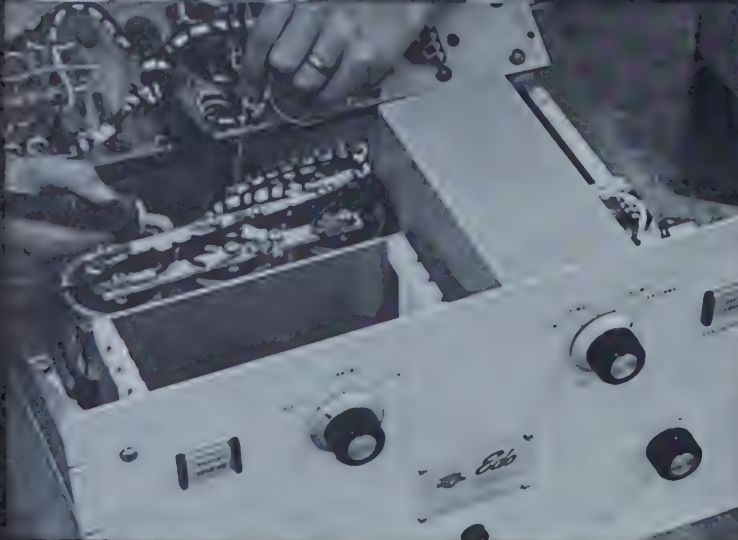
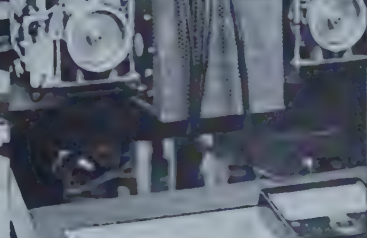
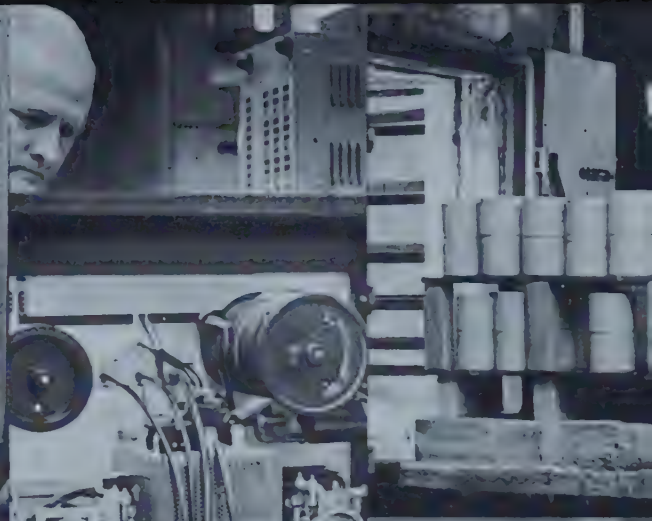
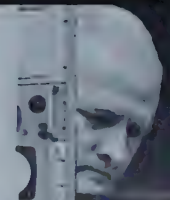
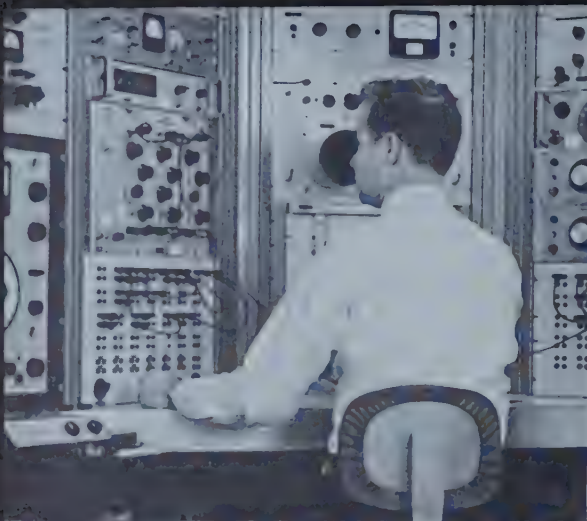
*Floor Space in Thousands* (000's omitted)



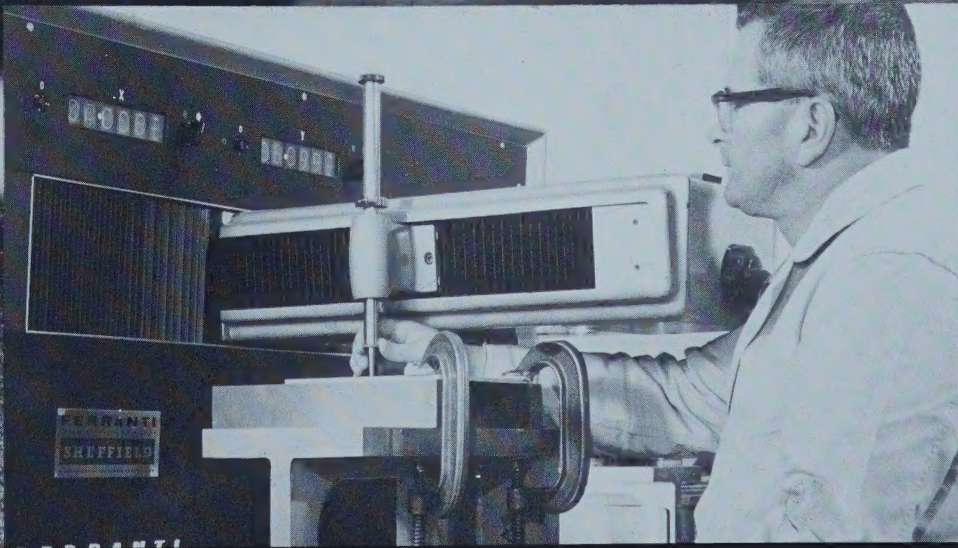
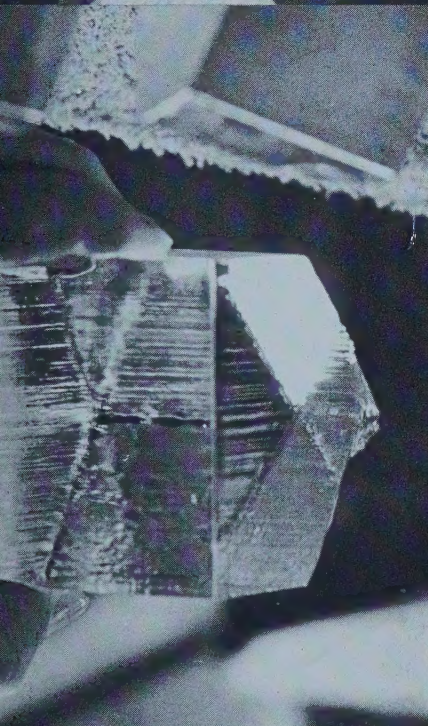
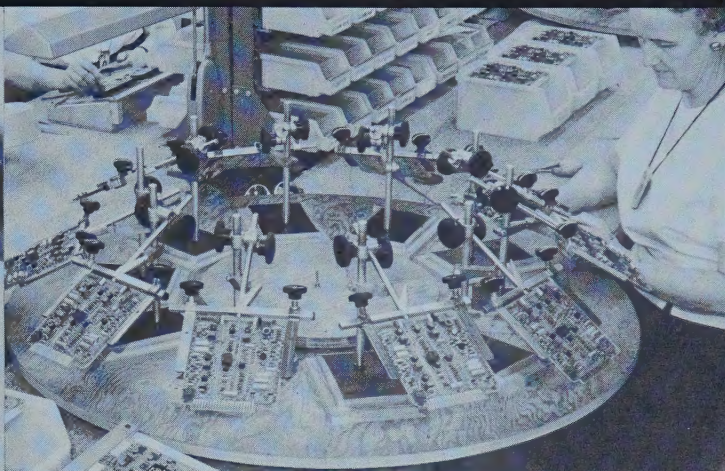
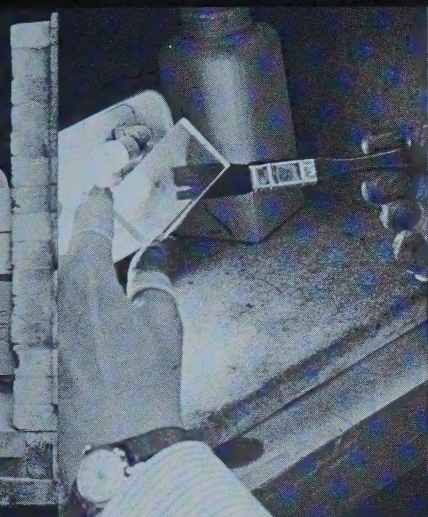
*Number of Employees*













## EDO Corporation and Subsidiaries

### *Directors and Officers*

EDO Corporation  
14-04 111th Street  
College Point, New York, N.Y. 11356

Washington office:  
1725 K Street NW  
Washington, D.C. 20006

San Diego office:  
5135 North Harbor Drive  
San Diego, California 92106

Earl D. Osborn . . . . .	<i>Director Emeritus</i>
Noel B. McLean . . . . .	<i>Chairman of the Board of Directors</i>
William R. Ryan . . . . .	<i>President and Director</i>
Archibald M. Brown . . . . .	<i>Director</i>
Richard King . . . . .	<i>Director</i>
John Brick . . . . .	<i>Director</i>
Partner of Paine, Webber, Jackson & Curtis	
H. Struve Hensel . . . . .	<i>Director and member of Audit and Compensation Committee</i>
Chairman, First National Real Estate Trust	
Wentworth P. Johnson . . . . .	<i>Director and member of Audit and Compensation Committee</i>
Director, Fidelity-Philadelphia Trust Company	
Roderick G. Kellett* . . . . .	<i>Director</i>
W. H. Newbold's Son & Co.	
Douglas E. McNamara . . . . .	<i>Director</i>
Vice President, Irving Trust Company	
C. W. Nimitz, Jr. . . . .	<i>Director and member of Audit and Compensation Committee</i>
President, The Perkin-Elmer Corporation	
James T. Pyle . . . . .	<i>Director</i>
Director, Aviation Development Council, N.Y.C.	
Gerald Albert . . . . .	<i>Vice President—Engineering</i>
John H. Meyn . . . . .	<i>Vice President—Finance, and Secretary</i>
Ralph O. Romaine . . . . .	<i>Vice President—Marketing</i>
Arthur W. Loweth . . . . .	<i>Treasurer and Assistant Secretary</i>

EDO (Canada) Limited  
Cornwall, Province of Ontario  
Canada

Herbert M. Johnson . . . . .	<i>President and Director</i>
Stanley E. Fennell . . . . .	<i>Secretary and Director</i>
Archibald M. Brown . . . . .	<i>Director</i>
Commodore Frank Freeborn (ret.) . . . . .	<i>Director</i>
Noel B. McLean . . . . .	<i>Director</i>
John H. Meyn . . . . .	<i>Director</i>
William R. Ryan . . . . .	<i>Director</i>
Bruce H. Secord . . . . .	<i>Treasurer</i>

EDO Western Corporation  
2645 South Second West  
Salt Lake City, Utah 84115

Robert A. Lapetina . . . . .	<i>President and Director</i>
Dr. Carl J. Christensen . . . . .	<i>Director</i>
Noel B. McLean . . . . .	<i>Director</i>
John H. Meyn . . . . .	<i>Director</i>
William R. Ryan . . . . .	<i>Director</i>
Walter M. Dudnick . . . . .	<i>Vice President—Marketing, and Secretary</i>
George W. Wildman . . . . .	<i>Treasurer and Assistant Secretary</i>

Electric Indicator Company, Inc., ELINCO  
195 Danbury Road  
Wilton, Connecticut 06897

Richard King** . . . . .	<i>President and Director</i>
James L. Knight*** . . . . .	<i>Vice President and Director</i>
Russell S. Knapp . . . . .	<i>Director</i>
Noel B. McLean . . . . .	<i>Director</i>
John H. Meyn . . . . .	<i>Director</i>
William R. Ryan . . . . .	<i>Director</i>
Alberta C. Stevens . . . . .	<i>Secretary</i>

EDO Commercial Corporation  
65 Rushmore Street  
Westbury, L.I., New York 11590

Ralph O. Romaine . . . . .	<i>President and Director</i>
Gerald Albert . . . . .	<i>Director</i>
Noel B. McLean . . . . .	<i>Director</i>
John H. Meyn . . . . .	<i>Director</i>
William R. Ryan . . . . .	<i>Director</i>
Howard P. Jennings . . . . .	<i>Vice President and General Manager</i>

\* Mr. Kellett died on November 16, 1966.

\*\* Mr. King resigned in January, 1967.

\*\*\* Mr. Knight became President in January, 1967.







EDO Corporation  
College Point, New York

